

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 128

HOUSE BILL 2684

AN ACT

AMENDING TITLE 20, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 15;
RELATING TO VEHICLE PROTECTION PRODUCTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 20, chapter 4, Arizona Revised Statutes, is amended
3 by adding article 15, to read:

4 ARTICLE 15. VEHICLE PROTECTION PRODUCTS

5 20-1099. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ADMINISTRATOR" MEANS A THIRD PARTY OTHER THAN THE WARRANTOR WHO
8 IS DESIGNATED BY THE WARRANTOR TO BE RESPONSIBLE FOR THE ADMINISTRATION OF
9 VEHICLE PROTECTION PRODUCT WARRANTIES.

10 2. "INCIDENTAL COSTS" MEANS EXPENSES THAT ARE SPECIFIED IN THE VEHICLE
11 PROTECTION PRODUCT WARRANTY INCURRED BY THE WARRANTY HOLDER RELATING TO THE
12 FAILURE OF THE VEHICLE PROTECTION PRODUCT TO PERFORM AS PROVIDED IN THE
13 WARRANTY. INCIDENTAL COSTS MAY INCLUDE INSURANCE POLICY DEDUCTIBLES, RENTAL
14 VEHICLE CHARGES, THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF THE STOLEN
15 VEHICLE AT THE TIME OF THEFT AND THE COST OF A REPLACEMENT VEHICLE, SALES
16 TAXES, REGISTRATION FEES, TRANSACTION FEES AND MECHANICAL INSPECTION FEES.

17 3. "VEHICLE PROTECTION PRODUCT" MEANS A VEHICLE PROTECTION DEVICE,
18 SYSTEM OR SERVICE THAT:

19 (a) IS INSTALLED ON OR APPLIED TO A VEHICLE.

20 (b) IS DESIGNED TO PREVENT LOSS OR DAMAGE TO A VEHICLE FROM A SPECIFIC
21 CAUSE.

22 (c) INCLUDES A WRITTEN WARRANTY BY A WARRANTOR THAT PROVIDES IF THE
23 VEHICLE PROTECTION PRODUCT FAILS TO PREVENT LOSS OR DAMAGE TO A VEHICLE FROM
24 A SPECIFIC CAUSE, THE WARRANTY HOLDER SHALL BE PAID SPECIFIED INCIDENTAL
25 COSTS BY THE WARRANTOR AS A RESULT OF THE FAILURE OF THE VEHICLE PROTECTION
26 PRODUCT TO PERFORM PURSUANT TO THE TERMS OF THE WARRANTY.

27 (d) COVERS THE WARRANTOR'S LIABILITY WITH A WARRANTY REIMBURSEMENT
28 INSURANCE POLICY.

29 VEHICLE PROTECTION PRODUCT INCLUDES ALARM SYSTEMS, BODY PART MARKING
30 PRODUCTS, STEERING LOCKS, WINDOW ETCH PRODUCTS, PEDAL AND IGNITION LOCKS,
31 FUEL AND IGNITION KILL SWITCHES AND ELECTRONIC, RADIO AND SATELLITE TRACKING
32 DEVICES.

33 4. "VEHICLE PROTECTION PRODUCT WARRANTOR" OR "WARRANTOR" MEANS A
34 PERSON WHO IS CONTRACTUALLY OBLIGATED TO THE WARRANTY HOLDER UNDER THE TERMS
35 OF THE VEHICLE PROTECTION PRODUCT WARRANTY AGREEMENT. WARRANTOR DOES NOT
36 INCLUDE AN AUTHORIZED INSURER.

37 5. "WARRANTY REIMBURSEMENT INSURANCE POLICY" MEANS A POLICY OF
38 INSURANCE ISSUED TO THE VEHICLE PROTECTION PRODUCT WARRANTOR TO PAY ON BEHALF
39 OF THE WARRANTOR ALL COVERED CONTRACTUAL OBLIGATIONS INCURRED BY THE
40 WARRANTOR UNDER THE TERMS AND CONDITIONS OF THE VEHICLE PROTECTION PRODUCT
41 WARRANTY. AN INSURER AUTHORIZED TO DO BUSINESS IN THIS STATE THAT HAS FILED
42 ITS POLICY FORM WITH THE DEPARTMENT SHALL ISSUE THE WARRANTY REIMBURSEMENT
43 INSURANCE POLICY.

1 20-1099.01 Vehicle protection products; exemption from
2 insurance code

3 A VEHICLE PROTECTION PRODUCT THAT IS SOLD OR OFFERED FOR SALE IN THIS
4 STATE AND THAT MEETS THE REQUIREMENTS OF SECTION 20-1099.02 IS NOT SUBJECT
5 TO THIS TITLE. VEHICLE PROTECTION PRODUCT WARRANTORS AND RELATED VEHICLE
6 PROTECTION PRODUCT SELLERS AND ADMINISTRATORS THAT COMPLY WITH SECTION
7 20-1099.02 ARE NOT REQUIRED TO COMPLY WITH AND ARE NOT SUBJECT TO THIS
8 TITLE. THE VEHICLE PROTECTION PRODUCTS' WRITTEN WARRANTIES ARE EXPRESS
9 WARRANTIES AND NOT INSURANCE.

10 20-1099.02 Exemption from insurance code; requirements

11 A. TO BE EXEMPTED FROM THIS TITLE, A VEHICLE PROTECTION PRODUCT SHALL:

12 1. IDENTIFY THE WARRANTOR, THE SELLER, THE WARRANTY HOLDER AND THE
13 TERMS OF THE SALE.

14 2. CONSPICUOUSLY STATE THAT THE OBLIGATIONS OF THE WARRANTOR TO THE
15 WARRANTY HOLDER ARE GUARANTEED UNDER A WARRANTY REIMBURSEMENT INSURANCE
16 POLICY.

17 3. CONSPICUOUSLY STATE THAT IF THE PAYMENT DUE UNDER THE TERMS OF THE
18 WARRANTY IS NOT PROVIDED BY THE WARRANTOR WITHIN SIXTY DAYS AFTER PROOF OF
19 LOSS HAS BEEN FILED PURSUANT TO THE TERMS OF THE WARRANTY BY THE WARRANTY
20 HOLDER, THE WARRANTY HOLDER MAY FILE DIRECTLY WITH THE WARRANTY REIMBURSEMENT
21 INSURANCE COMPANY FOR REIMBURSEMENT.

22 4. CONSPICUOUSLY STATE THE NAME AND ADDRESS OF THE WARRANTY
23 REIMBURSEMENT INSURANCE COMPANY. THIS INFORMATION IS NOT REQUIRED TO BE
24 PREPRINTED ON THE WARRANTY FORM BUT MAY BE STAMPED ON THE WARRANTY.

25 5. CONTAIN A DISCLOSURE THAT READS SUBSTANTIALLY AS FOLLOWS:

26 "THIS AGREEMENT IS A PRODUCT WARRANTY AND IS NOT
27 INSURANCE."

28 B. A WARRANTY REIMBURSEMENT INSURANCE POLICY SHALL HAVE THE FOLLOWING
29 PROVISIONS:

30 1. THE POLICY SHALL STATE THAT THE WARRANTY REIMBURSEMENT INSURANCE
31 COMPANY WILL REIMBURSE OR PAY ON BEHALF OF THE VEHICLE PROTECTION PRODUCT
32 WARRANTOR ALL COVERED SUMS THAT THE WARRANTOR IS LEGALLY OBLIGATED TO PAY OR
33 WILL PROVIDE THE SERVICE THAT THE WARRANTOR IS LEGALLY OBLIGATED TO PERFORM
34 ACCORDING TO THE WARRANTOR'S CONTRACTUAL OBLIGATIONS UNDER THE VEHICLE
35 PROTECTION PRODUCT WARRANTY.

36 2. THE POLICY SHALL STATE THAT IF THE PAYMENT DUE UNDER THE TERMS OF
37 THE WARRANTY IS NOT PROVIDED BY THE WARRANTOR WITHIN SIXTY DAYS AFTER PROOF
38 OF LOSS HAS BEEN FILED ACCORDING TO THE TERMS OF THE WARRANTY BY THE WARRANTY
39 HOLDER, THE WARRANTY HOLDER MAY FILE DIRECTLY WITH THE WARRANTY REIMBURSEMENT
40 INSURANCE COMPANY FOR REIMBURSEMENT.

41 Sec. 2. Application

42 This act applies to all vehicle protection products that are sold or
43 offered for sale on or after the effective date of this act.

Passed the House March 9, 2004,

Passed the Senate April 12, 2004,

by the following vote: 52 Ayes,

by the following vote: 28 Ayes,

6 Nays, 2 Not Voting

0 Nays, 2 Not Voting

Jack Flake
Speaker of the House

Klu Blum
President of the Senate

Norman L. Moore
Chief Clerk of the House

Charmine B. Wingford
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

13th day of April, 2004,

at 12:59 o'clock P. M.

Jennifer Ybarra
Secretary to the Governor

Approved this 19 day of

April, 2004,

at 11⁴⁰ o'clock A. M.

Jon R. Negrete
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 19 day of April, 2004,

at 4:30 o'clock P. M.

Janice K. Brewer
Secretary of State

H.B. 2684